Application No. 09849621(Docket: DT.0102)
37 CFR 1.111 Amendment dated 06/21/2006
Reply to Office Action of 03/21/2006

AMENDMENTS TO THE SPECIFICATION

Please delete the section entitled "SUMMARY OF THE INVENTION" in its entirety and substitute the following section therefor:

SUMMARY OF THE INVENTION

[0012] The present invention provides a superior technique for determining an optimum promotion strategy for products within a product category. Contrasted with present day optimization systems that consider only gross figures in their respective optimizations, promotion plans according to the present invention can be optimized to maximize merchandising figures of merit (e.g., net profit) that take into account demand chain costs associated with the products.

[0013] In one embodiment, an apparatus is provided for determining an optimum promotion plan for merchandising of products for sale. The apparatus has a scenario/results processor, a demand engine, an activity based cost engine, and a promotion optimization engine. The scenario/results processor enables a user to prescribe an optimization scenario, and presents the optimum promotion plan to the user, where the optimum promotion plan is determined by execution of the optimization scenario. The demand engine is coupled to the scenario/results processor. The demand engine models relationships between potential prices of the products and market demand for the products, where the potential prices correspond to potential promotion events and potential supplier offers. The activity based cost engine is coupled to the demand engine. The activity based cost engine estimates demand chain costs for the products based upon the market demand, where the demand chain costs include fixed and variable costs for the products for sale. The promotion optimization engine is coupled to the demand engine and the activity based cost engine. The promotion optimization engine employs the market demand and the demand chain costs to determine the optimum promotion plan, where the optimum promotion plan maximizes a merchandising performance figure of merit according to the optimization scenario, and where the optimum promotion plan comprises a subset of the promotion events and potential supplier offers.

Page 2 of 12

Application No. 09849621(Docket: DT.0102)
37 CFR 1.111 Amendment dated 06/21/2006
Reply to Office Action of 03/21/2006

[0014] One aspect of the present invention features a method for optimizing a promotion plan for merchandising products. The method includes utilizing a computer-based scenario/results processor within an optimization server to present a sequence of data entry templates to a user, whereby the user specifies an optimization scenario; within the optimization server, modeling the relationship between potential prices of the products and market demand for the products, where the potential prices correspond to potential promotion events and potential supplier offers; within the optimization server, estimating demand chain costs for the products according to the modeled market demand, wherein the demand chain costs include fixed and variable costs for the products; within the optimization server, employing the market demand and the demand chain costs to determine optimum promotion events and optimum supplier offers, where the optimum promotion events and optimum supplier offers maximize a merchandising performance figure of merit according to the optimization scenario; and generating a plurality of optimization results templates and providing these templates to the user, where the optimum promotion events and optimum supplier offers are presented. The utilizing includes first providing a promotion event configuration template, for prescribing the potential promotion events; second providing a supplier offer configuration template, for prescribing the potential supplier offers; and third providing a promotion scenario configuration template, for associating the potential promotion events to the products. The third providing includes specifying a forward buy method; enabling/disabling certain ones of the potential supplier offers; adding rules and constraints to the optimization scenario; and indicating store merchandising capacities.

[0015] Another aspect of the present invention contemplates a method for generating an optimum promotion plan, where the optimized promotion plan correspond to a set of products, a set of promotion events, and a set of supplier offers. The method includes, within a centralized data base, storing product attribute and sales history data for a plurality of stores, where the product attribute and sales history data corresponds to the set of products; first employing a web server to allow a plurality of supplier computers to prescribe the supplier offers; second employing a web server to provide a user computer with a plurality of scenario/result web pages, the plurality of scenario/result web pages

Page 3 of 12

Application No. 09849621(Docket: DT.0102)
37 CFR 1.111 Amendment dated 06/21/2006
Reply to Office Action of 03/21/2006

enabling a user to prescribe the promotion events and constraints for generating the optimum promotion plan, wherein the user computer executes a thin web client to access the scenario/result web pages; and determining the optimum promotion plan to maximize either net profit, revenue, or volume, wherein the determining uses both modeled market demand and estimated demand chain costs corresponding to the set of products and where the estimated demand chain costs include fixed and variable costs corresponding to the set of products.

Page 4 of 12